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July 17, 1997

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JUL 17 1997

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, NW. Room 222
Washington, DC 20554

Re: Ex Parte - CC Docket No. 95-116, Telephone Number Portability

Dear Mr. Caton:

Today, Frank Simone, Harry Sugar and I, of AT&T, met with Jose Rodriguez, Thaddeus Machinski, Thomas Quaile, Debra Weber and Kim Yee of the Accounting and Audits Division. The purpose of this meeting was to discuss Local Number Portability issues that have been previously placed in the record by AT&T. In addition, the attached material was distributed to the Commission's staff members.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(1) of the Commission's rules.

Sincerely,

Thomas J. Cosgrove

Attachment

cc: Jose Rodriguez
Thaddeus Machinski
Thomas Quaile
Debra Weber
Kim Yee

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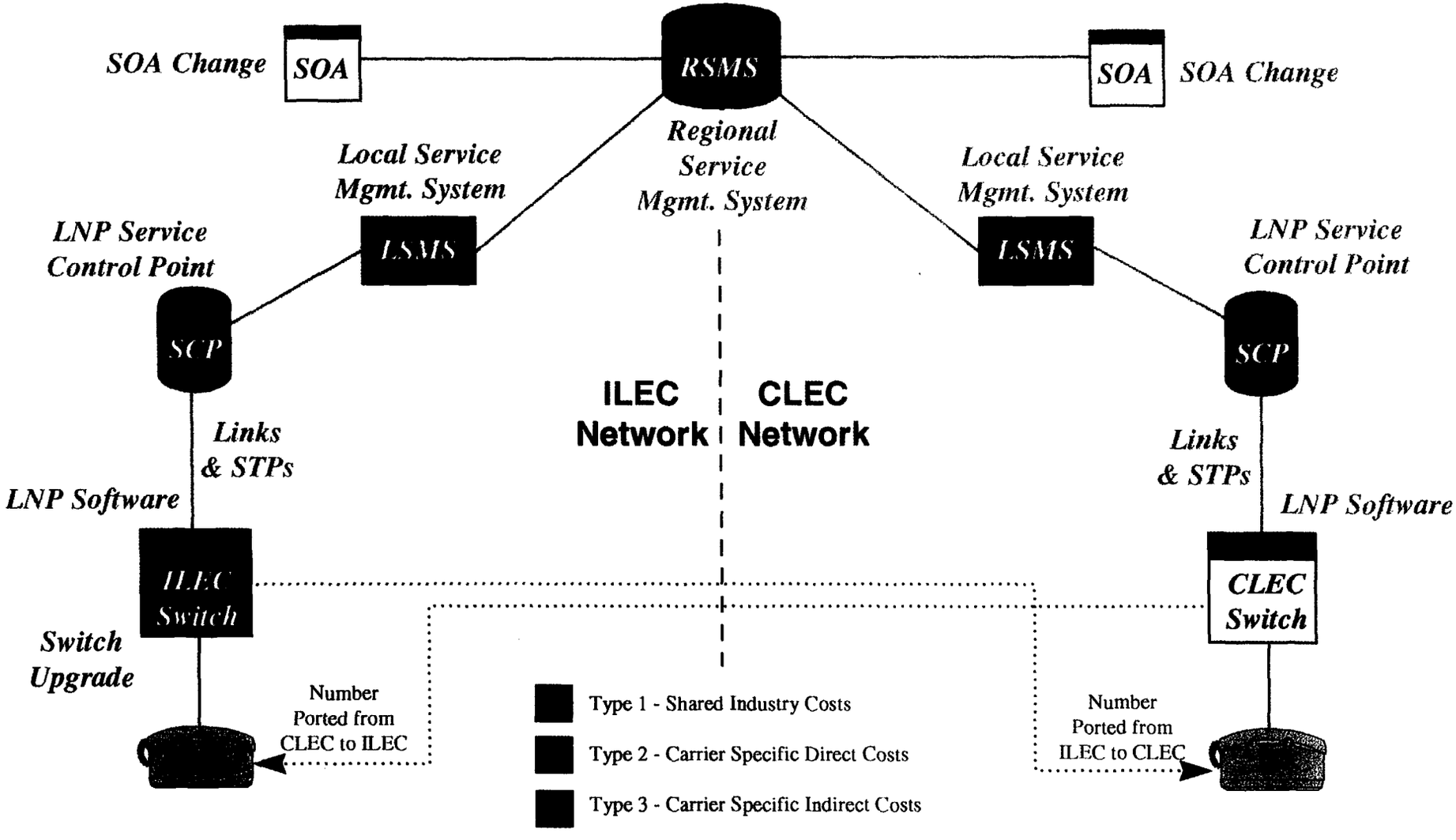
List ABCDE

AT&T

CC Docket No. 95-116, FNPRM
Telephone Number Portability Cost Recovery

Local Network Costs



AT&T

CC Docket No. 95-116, FNPRM
Telephone Number Portabillity Cost Recovery

LNP Costs In Perspective

	Bell Atlantic	NYNEX	Ameritech	SBC	US West
Estimated Cost of LRN, $M[1]	256.2	272.5	280.7	372.4	406.7
Switched Access Lines, M[2]	20.14	17.32	19.05	14.45	15.17
Cost per Access Line	$ 12.72	$ 15.73	$ 14.73	$ 25.77	$ 26.81
Cost per month (5 yrs.)	$ 0.21	$ 0.26	$ 0.25	$ 0.43	$ 0.45
Basic Service Rev. per line per mo.[3]					
- Residence[4]	$ 15.29	$ 20.33	$ 17.86	$ 17.10	$ 18.03
- Business	$ 30.30	$ 44.10	$ 34.85	$ 35.79	$ 38.88
LNP Cost as a % of Basic Svc. Rev.					
- Residence	1.4%	1.3%	1.4%	2.5%	2.5%
- Business	0.7%	0.6%	0.7%	1.2%	1.1%
Gross Additions to Plant (1996), $M[5]	2815.5	2299.4	1996.8	2326.2	2993.3
LNP Cost (1 yr.) as a % of Gross Add.	0.09%	0.14%	0.15%	0.22%	0.18%

[1] Ex parte filings: BAN on 4/18/97, Ameritech on 4/29/97, SBC on 10/21/96, US West on 1/16/97

[2] Annual Telco data for 1996, as reported in ARMIS

[3] Ibid, defined as basic area revenues and optional extended service revenues

[4] Derived from BPI special study of regional business/residence split

[5] ARMIS report no. 4302

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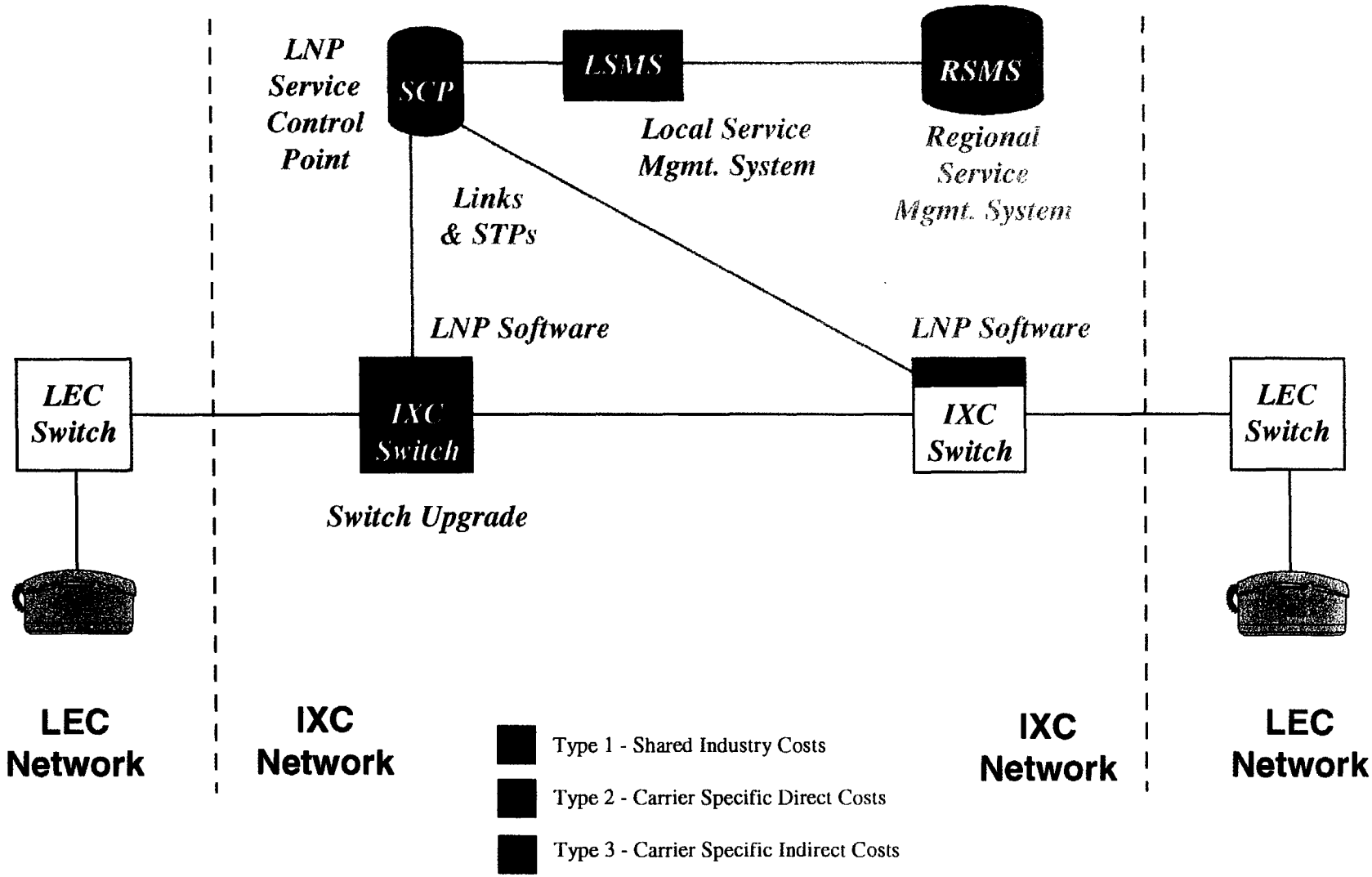
IXC Network Costs



CC Docket No. 95-116, FNPRM
Telephone Number Portability Cost Recovery

IXC Network Costs

4E Switch Generic Upgrades	$8.8 M	
NCP Capital	$8.0 M	
NCP Development*	$2.5 M	
STP Development*	$2.0 M	(No add'l STP Capital)
L-SMS Capital*	$5.0 M	
L-SMS Development*	$1.5 M	
L-SMS Work Center*	$0.5 M	
Ordering/Billing Systems	$ 6.5 M	
OSS Development	$3.7 M	
Adjunct Development (e.g., TRS)	$2.0 M	
OSPS Development	$1.1 M	
OSPS Upgrades	$7.0 M	
Total	$48.6 M	

* also used for DigitalLink Service.

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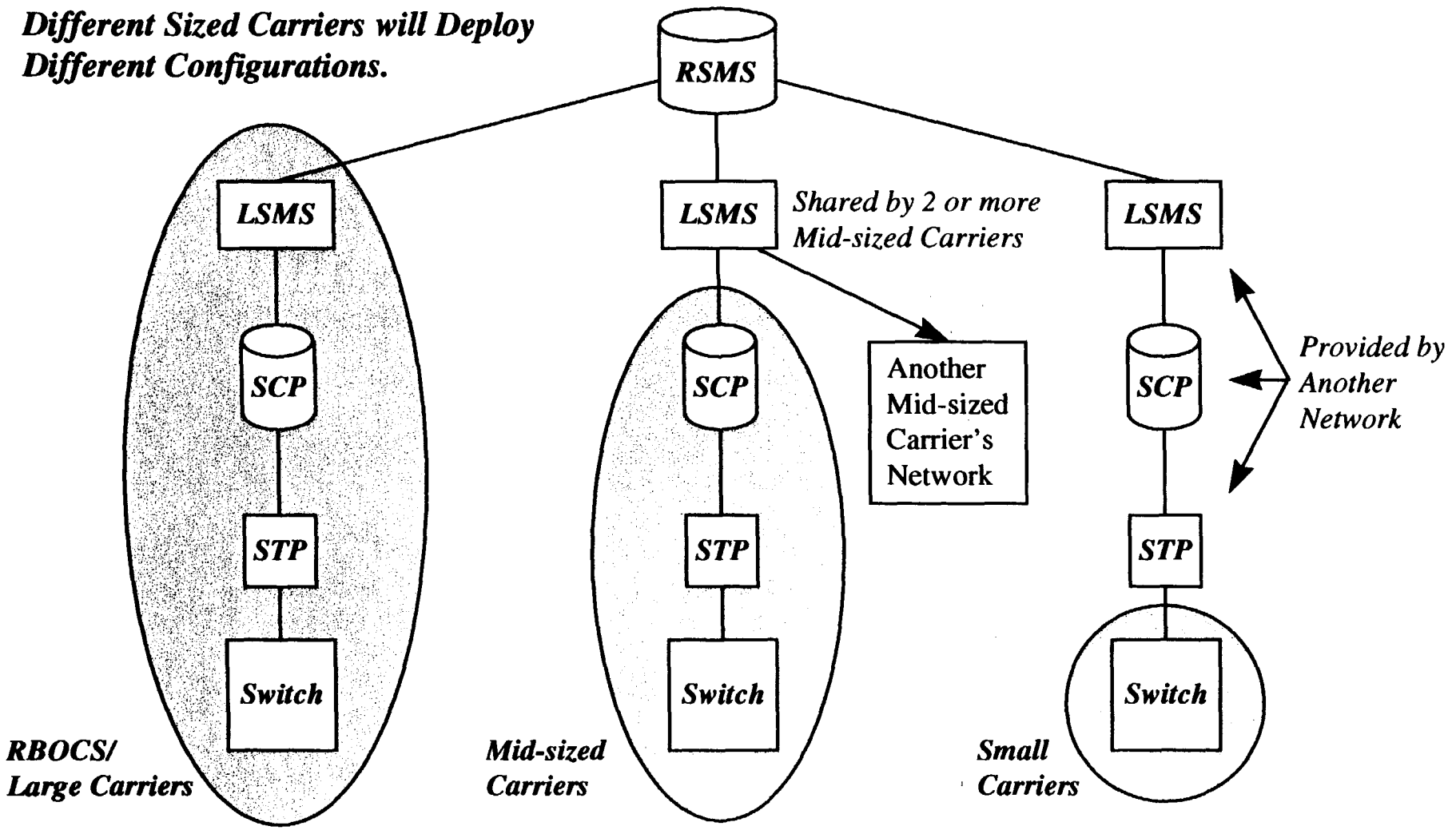
LEC Local Number Portability Configurations

Different Sized Carriers will Deploy Different Configurations.



Reference for Chart: Illiminet Feb. 6, 1997 Ex Parte

AT&T

CC Docket No. 95-116, FNPRM
Telephone Number Portability Cost Recovery

Proposed Cost Elements for Shared Industry Costs

- Service Establishment
  - A nonrecurring charge assessed at direct cost[1] for each logon ID established for a user. Different charges will apply for the first and subsequent IDs established for each user.
- Access
  - A recurring charge assessed at direct cost for each connection to the NPAC/SMS. Different charges will apply for dedicated or temporary connections and according to speed.
- Portability Information Download
  - A nonrecurring charge assessed at direct cost for each download provided to a user.
- Miscellaneous Charges
  - A nonrecurring charge assessed at direct cost for each item provided, including reports, testing, out-of-hours assistance, and other items of a specific nature in support of a user.
- Porting Local Carrier Charge
  - A recurring charge for all remaining NPAC/SMS costs. These costs will be allocated to carriers providing local exchange service in the areas both served by the NPAC and where permanent LNP has been implemented based on each carrier's working telephone numbers.

[1] Direct Cost: The cost incurred by NPAC that are directly driven by the specific element. These costs are the result of a competitive bidding process administered by each Regional Limited Liability Corporation.

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CC Docket No. 95-116, FNPRM
Telephone Number Portability Cost Recovery

Proposed Allocation of Shared Industry Cost Elements To Participating Carriers

	Service Establishment Non-Recurring @ direct cost	**Access** Recurring @ direct cost	**Port. Info Download** Non-Recurring @ direct cost	**Misc. Charges** Non-Recurring @ direct cost	**Porting Local Carrier Charge** Recurring
Large LECs	per logon ID	per connection	per download	per item	per WTN
Mid-sized LECss	per logon ID of shared LSMS	per connection of shared LSMS	per download to shared LSMS	per item to shared LSMS	per WTN of all sharing carriers
Small LECs (Chgs. to Host)	per logon ID of host network	per connection of host network	per download to host network	per item to host network	per WTN of all sharing carriers
IXCs	per logon ID	per connection	per download	per item	N/A
Resellers/Switch UNE Resellers	included in wholesale/TELRIC rates				
Non-Participant Carriers	by agreement with participating carriers				

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Telephone Number Portabillity Cost Recovery

Proposed Plan for Competitively Neutral Cost Allocation and Recovery

- Cost Allocation
  - Type 1 Costs: Each carrier is charged for its share of the regional SMS via specific cost elements in its contract with the regional SMS vendor.
  - Type 2 & Type 3 Costs: Each carrier bears its own costs.
- Cost Recovery
  - Type 1 and Type 2 Costs: The marketplace provides the flexibility for each carrier to recover its direct LNP costs.
  - Type 3 Costs: The marketplace provides the flexibility for each carrier to recover its general network upgrade costs.
  - Number portability costs per line will be higher for CLECs than ILECs.

FCC 96-286

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Telephone Number Portability	)	CC Docket No. 95-116
	)	RM 8535
	)	

FIRST REPORT AND ORDER AND FURTHER NOTICE OF PROPOSED RULEMAKING

Adopted: June 27, 1996 **Released:** July 2, 1996

Comment Date: August 16, 1996
Reply Comment Date: September 16, 1996

By the Commission:

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I. INTRODUCTION

1. We initiated this proceeding on July 13, 1995, when we adopted a Notice of Proposed Rulemaking seeking comment on a wide variety of policy and technical issues related to telephone number portability.[1] Since our adoption of the Notice, the Telecommunications Act of 1996 became law.[2] Section 251, added by the 1996 Act, requires all local exchange carriers (LECs), both incumbents and new entrants, to offer number portability in accordance with requirements prescribed by the Commission.[3] On March 14, 1996, the Common Carrier Bureau released a Public Notice seeking comment on how the passage of the 1996 Act may have affected the issues raised in the Notice.[4]

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[1] Telephone Number Portability, CC Docket No. 95-116, 10 FCC Rcd 12350 (1995) (Notice). A list of parties filing comments and reply comments in response to the Notice is attached below as Appendix A.

[2] Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) (1996 Act).

[3] 47 U.S.C. § 251(b)(2).

[4] Further Comments: Telephone Number Portability, Public Notice, CC Docket No. 95-116, DA 96-358, 61 Fed. Reg. 11,174 (1996) (Public Notice). A list of parties filing comments and reply comments in response to the Public Notice is included in Appendix A, below.

effectively against the original service provider.[156] Finally, dependence on another carrier's network also reduces the new service provider's ability to control the routing of telephone calls to its customers, thus inhibiting its ability to control the costs of such routing. For these reasons, a long-term number portability method should not require dependency on another carrier's network. We note that this criterion does not prevent individual carriers from determining among themselves how to process calls, including a method by which a carrier voluntarily agrees to use the original service provider's network.[157]

54. We recognize that this criterion will effectively preclude carriers from implementing QOR. Those carriers that oppose QOR argue that it would treat ported and non-ported numbers differently, force reliance on the incumbent LEC's network, increase post-dial delay and the potential for call blocking, result in inefficient routing, create significant network interoperability issues, and delay deployment of a long-term number portability method.[158] There is little evidence in the record to support the claim that allowing carriers to implement QOR would result in significant cost savings. Pacific Bell submitted summary figures indicating that it would save approximately $14.2 million per year assuming that 20 percent of subscribers port their numbers if it implemented QOR.[159] These savings, which represent less than 0.2 percent of Pacific Bell's total annual operating revenues, appear insignificant in relation to the potential economic and non-economic costs to competitors if QOR is used. According to AT&T, using QOR on Lucent switches is more cost effective only if less than 12 percent of subscribers have ported their numbers. Similarly, AT&T asserts that using QOR on Siemens switches is more cost effective only if less than 23 percent of subscribers have ported their numbers.[160] In addition, because carriers using QOR may be required to send a QOR message to another carrier's switch to determine if a customer has transferred the number, the second carrier must have the ability to recognize and respond to the QOR

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[156] AT&T April 24, 1996 Ex Parte Letter at 7-8 (increased call completion time on calls to alternative carriers' networks will likely be incorrectly perceived as reflecting an inferior quality of service, and incumbent carriers may seek to exploit call completion differentials); MCI April 23, 1996 Ex Parte Letter at 1-4 (in interexchange market, competitors can and will use "imperceptible" differences in post dial delay to their marketing advantage).

[157] See infra ¶ 62.

[158] See, e.g., AT&T April 24, 1996 Ex Parte Letter at 3-5; MCI April 23, 1996 Ex Parte Letter at 2-4; AT&T May 22, 1996 Ex Parte Filing; AT&T Further Reply Comments at 6; MCI Further Reply Comments at 3-5.

[159] Pacific Bell Ex Parte Letter at 7, from Alan F. Ciamporcero, to William Caton, FCC, CC Docket No. 95-116, filed June 6, 1996 (Pacific Bell June 6, 1996 Ex Parte Letter). According to the estimates submitted by Pacific Bell, higher levels of penetration would result in lower levels of cost savings.

[160] AT&T Ex Parte Presentation at 4, CC Docket No. 95-116, filed May 30, 1996 (AT&T May 30, 1996 Ex Parte Filing).

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	
Telephone Number Portability	)	CC Docket No. 95-116
	)	RM-8535
	)	

FIRST MEMORANDUM OPINION AND ORDER ON RECONSIDERATION

Adopted: **March 6, 1997** **Released:** **March 11, 1997**

By the Commission:

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I. INTRODUCTION

1. On June 27, 1996, the Commission adopted the First Report and Order and Further Notice of Proposed Rulemaking (First Report & Order)[1] in this docket implementing the requirement under Section 251(b) of the Communications Act of 1934, as amended (the Act), that all local exchange carriers (LECs) offer, "to the extent technically feasible, number portability in accordance with requirements prescribed by the Commission."[2] By this action, we resolve certain petitions for reconsideration or clarification of our number portability rules adopted in the First Report & Order. Twenty-two parties filed petitions for reconsideration or clarification, nineteen parties filed oppositions or comments on the petitions, and sixteen parties filed reply comments.[3] While the petitions raise a broad range of issues, we address three primary issues in this First Memorandum Opinion and Order on Reconsideration (First Reconsideration Order).

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[1] Telephone Number Portability, First Report and Order and Further Notice of Proposed Rulemaking, 11 FCC Rcd 8352 (1996).

[2] 47 U.S.C. § 251(b)(2). This requirement was added by the Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996).

[3] A list of petitioners and commenting parties appears at Appendix A.

We will address the remaining issues in one or more subsequent reconsideration orders in this docket. First, we conclude that Query on Release (QOR) is not an acceptable long-term number portability method. Second, we extend the completion deadlines in the implementation schedule for wireline carriers by three months for Phase I and by 45 days for Phase II, clarify the requirements imposed thereunder, and address issues raised by rural LECs and certain other parties. Finally, we affirm and clarify our implementation schedule for wireless carriers.

II. BACKGROUND

A. First Report & Order

2. Pursuant to the statutory requirement of Section 251(b), the First Report & Order requires all LECs to implement a long-term number portability method in the 100 largest Metropolitan Statistical Areas (MSAs) according to a phased deployment schedule that commences October 1, 1997, and concludes December 31, 1998.[4] Thereafter, in areas outside the 100 largest MSAs, each LEC must make long-term number portability available within six months after a specific request by another telecommunications carrier. The First Report & Order also requires all cellular, broadband personal communications services (PCS), and covered Specialized Mobile Radio (SMR) providers to be able to deliver calls from their networks to ported numbers by December 31, 1998, and requires cellular, broadband PCS, and covered SMR providers to offer number portability throughout their networks and have the capability to support roaming nationwide by June 30, 1999.

3. Rather than choosing a particular technology for the provision of number portability, the Commission established performance criteria that any long-term number portability method selected by a LEC must meet. The Commission noted, however, that one of the criteria it adopted effectively precludes carriers from implementing QOR. The First Report & Order further concludes that long-term number portability should be provided through a system of regional databases that will be managed by one or more independent administrators selected by the North American Numbering Council (NANC).

4. The First Report & Order also requires wireline LECs, pending their deployment of a long-term number portability method, to provide currently available number portability measures upon request by another telecommunications carrier. Consistent with Section 251(e)(2) of the Communications Act, the First Report & Order sets forth principles that ensure that the

[4] In the First Report & Order, we identified two methods of providing service provider portability: those methods that use databases (such as the Location Routing Number (LRN) method) and those that do not (such as Remote Call Forwarding (RCF) and Flexible Direct Inward Dialing (DID)). First Report & Order, 11 FCC Rcd at 8359, 8361. We refer to the database methods as those appropriate for "long-term" service provider portability because they do not suffer from the same limitations as non-database methods such as RCF and DID, which are commonly referred to as "interim" or "currently available" measures. See First Report & Order, 11 FCC Rcd at 8361-62.